

Announcement concerning Disposal of Treasury Shares Through Third-Party Allotment for the Continuation of the Share-based Compensation Plan

SEKISUI CHEMICAL CO., LTD. hereby announces that it has resolved, at a meeting of the Board of Directors held on July 31, 2025, to dispose of treasury shares through a third-party allotment for the continuation of the share-based compensation plan (the “Disposal of Treasury Shares”), as described below.

1. Overview of disposal

(1) Date of disposal	August 21, 2025
(2) Class and number of shares for disposal	558,100 common shares of SEKISUI CHEMICAL (Board Incentive Plan Trust Account, Account 75930, 393,000 shares) (Employee Stock Ownership Plan Trust Account, Account 75931, 165,100 shares)
(3) Disposal price	2,575yen per share
(4) Total amount of disposal	1,437,107,500 yen
(5) Scheduled disposal recipient	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account, Account: 75930)) The Master Trust Bank of Japan, Ltd. (Employee Stock Ownership Plan Trust Account, Account: 75931)
(6) Other matters	An extraordinary report regarding the Disposal of Treasury Shares has been submitted pursuant to the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

SEKISUI CHEMICAL has resolved to continue both the Board Incentive Plan Trust (the “BIP Trust”) and the Employee Stock Ownership Plan Trust (the “ESOP Trust”). These trusts target Directors (excluding Outside Directors) and Executive Officers (collectively referred to as “Directors, etc.”) as well as executive employees of SEKISUI CHEMICAL, the representative directors of SEKISUI CHEMICAL subsidiaries, executive employees of SEKISUI CHEMICAL subsidiaries, and the representative directors of equity-method affiliates in which SEKISUI CHEMICAL holds more than 35% but less than 50% of the voting rights (“Executive Employees, etc.”). The purpose of these trusts is to further enhance the commitment of these individuals to contributing to the medium- to long-term performance improvement of the entire Group and the enhancement of corporate value, as well as to strengthen their shareholder-oriented management mindset.

The Disposal of Treasury Shares will involve SEKISUI CHEMICAL disposing of its treasury shares to

the Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account, Account 75930), being the joint trustee under the Board Incentive Plan Trust Agreement (the “BIP Trust Agreement”) concluded between SEKISUI CHEMICAL and Mitsubishi UFJ Trust and Banking Corporation, and to the Master Trust Bank of Japan, Ltd. (Employee Stock Ownership Plan Trust Account, Account 75931), being the joint trustee under the Employee Stock Ownership Plan Trust Agreement (the “ESOP Trust Agreement”) concluded between SEKISUI CHEMICAL and Mitsubishi UFJ Trust and Banking Corporation, in conjunction with the extension of the BIP Trust and ESOP Trust periods.

The number of shares to be disposed of is equal to the shortfall in remaining shares within the trusts expected to be delivered to Directors, etc. and Executive Employees, etc. during the trust periods based on the share delivery regulations. The dilution effect of this disposal will be 0.13% of the total number of issued shares (rounded to two decimal places; 0.13% of the total number of voting rights (4,181,258 voting rights) as of March 31, 2025).

The SEKISUI CHEMICAL shares allotted through this Disposal of Treasury Shares will be delivered to Directors, etc. and Executive Employees, etc. in accordance with the share delivery regulations, and are not expected to flow into the stock market all at once. Given this, the impact on the stock market is considered to be minimal, and both the number of shares to be disposed of and the scale of dilution are deemed reasonable.

[Details of the trust agreements]

	Board Incentive Plan Trust	Employee Stock Ownership Plan Trust
(1) Type of trust	Trust of money other than an individually-operated designated money trust (third-party benefit trust)	
(2) Purpose of trust	Provide incentives to Directors, etc. who satisfy the beneficiary requirements	Provide incentives to Senior Employees, etc. who satisfy the beneficiary requirements
(3) Trustor	SEKISUI CHEMICAL	
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)	
(5) Beneficiaries	Directors, etc. who satisfy the beneficiary conditions	Senior Employees, etc. who satisfy the beneficiary conditions
(6) Trust administrator	A third party who has no interests in SEKISUI CHEMICAL (certified public accountant)	
(7) Trust period	August 31, 2016 – August 31, 2028 (planned)	
(8) Exercise of voting rights	No voting rights will be exercised for the duration of the trust period.	The trustee will exercise the voting rights attached to the SEKISUI CHEMICAL shares by following the instructions of the trust administrator that reflect the intentions of the beneficiary candidates.
(9) Type of shares to be acquired	Common shares of SEKISUI CHEMICAL	
(10) Method of share acquisition	Acquisition through third-party allotment of treasury shares	
(11) Holder of vested rights	SEKISUI CHEMICAL	
(12) Residual assets	The residual assets that can be received by SEKISUI CHEMICAL, as the holder of vested rights, will be limited to the trust expense reserve remaining after deducting the share acquisition funds from the trust funds.	

3. Basis of calculation and specific details of the disposal price

In order to eliminate arbitrariness in light of recent share price trends, the disposal price has been set at 2,575 yen (rounded down to the nearest yen), which is the average closing price of SEKISUI CHEMICAL shares on the Tokyo Stock Exchange (TSE) for the one-month period immediately preceding the date of the Board of Directors resolution concerning this Disposal of Treasury Shares (July 1 to July 30, 2025). It was decided to use the average closing price of SEKISUI CHEMICAL shares for the one-month period immediately preceding the date of the Board of Directors resolution because it is believed that adopting a standardized value, namely average share price over a certain period, is more objective and rational as a basis for calculation, as it eliminates the effects of share price fluctuations unlike basing it on a specific point in time.

All of SEKISUI CHEMICAL's Audit & Supervisory Board Members (five members, including three Outside Audit & Supervisory Board Members) have expressed the opinion that the basis for calculating the above disposal price is reasonable and does not constitute a particularly favorable disposal price.

4. Procedure required by the corporate code of conduct

Since the dilution ratio resulting from the Disposal of Treasury Shares is less than 25% and there is no change in controlling shareholder, it is not necessary to procure an opinion from an independent third party or perform procedures for confirming the intent of shareholders as provided in Rule 432 of the TSE Securities Listing Regulations.